

IN THE SENATE

SENATE BILL NO. 1122

BY JUDICIARY AND RULES COMMITTEE

AN ACT

1 RELATING TO THE PUBLIC EMPLOYEE RETIREMENT SYSTEM; AMENDING
 2 SECTION 59-1351, IDAHO CODE, TO REVISE PROVISIONS RELATING TO
 3 OPTIONAL RETIREMENT ALLOWANCES; AMENDING SECTION 59-1352, IDAHO
 4 CODE, TO CLARIFY A REQUIREMENT OF ELIGIBILITY FOR DISABILITY
 5 RETIREMENT; AND AMENDING SECTION 59-1355, IDAHO CODE, TO PROVIDE
 6 A CORRECT CODE REFERENCE AND TO MAKE TECHNICAL CORRECTIONS.
 7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section 59-1351, Idaho Code, be, and the same is hereby amended to
 10 read as follows:

11 59-1351. CONVERSION OF SERVICE RETIREMENT OR EARLY RETIREMENT
 12 ALLOWANCES INTO OPTIONAL RETIREMENT ALLOWANCES – FORM OF
 13 OPTIONAL RETIREMENT. (1) The service retirement allowance, or the early retirement
 14 allowance of a member who, at time of retirement, so elects shall be converted into an optional
 15 retirement allowance which is the actuarial equivalent of such other allowance. The optional
 16 retirement allowance may take one (1) of the forms listed below and shall be in lieu of all other
 17 benefits under this chapter except that the provisions of section 59-1361(2), Idaho Code, shall
 18 be applicable:

19 (a) Option 1 provides a reduced retirement allowance payable during the lifetime of the
 20 retired member, and a continuation thereafter of such reduced retirement allowance during
 21 the lifetime of the member’s named contingent annuitant.

22 (b) Option 2 provides a reduced retirement allowance payable during the lifetime of the
 23 retired member, and a continuation thereafter of one-half (1/2) of such reduced retirement
 24 allowance during the lifetime of the member’s named contingent annuitant.

25 (c) Option 3, which is available only if the member retires before the date of the
 26 social security normal retirement age for that member, provides an increased retirement
 27 allowance until such date and a reduced retirement allowance thereafter, the difference
 28 between the two (2) amounts approximately equaling the governmental old-age benefit
 29 becoming payable at such date as estimated by the board.

30 (d) Option 4, which is available only if the member retires before the date of the
 31 social security normal retirement age for that member, provides either an adjusted
 32 option 1 (option 4A) or option 2 (option 4B) retirement allowance until such date and
 33 a reduced retirement allowance thereafter, the difference between the two (2) amounts
 34 approximately equaling the governmental old-age benefit becoming payable at such date
 35 as estimated by the board. The adjusted retirement allowance shall be paid to the retired
 36 member during the member’s lifetime and the appropriate continuation amount of the
 37 adjusted allowance to the member’s named contingent annuitant for life thereafter.

1 (2) Should the named contingent annuitant under option 1 or option 2 either predecease
 2 a member retiring on or after October 1, 1992, or waive all survivor benefits pursuant to a
 3 domestic retirement order approved under section 59-1320, Idaho Code, upon notification to the
 4 board, the member's benefit on the first day of the month following the death of the contingent
 5 annuitant or approval of the domestic retirement order, as applicable, will thereafter become
 6 an allowance calculated pursuant to section 59-1342 or 59-1346, Idaho Code, whichever was
 7 applicable on the date of retirement, in addition to any postretirement allowance adjustments
 8 which may have accrued from that time. Should the named contingent annuitant under
 9 option 4 either predecease the member, or waive all survivor benefits pursuant to a domestic
 10 retirement order approved under section 59-1320, Idaho Code, upon notification to the board,
 11 the member's benefit on the first day of the month following the contingent annuitant's death
 12 or approval of the domestic retirement order, as applicable will thereafter become the option
 13 3 allowance to which the member would have been entitled as of the date of the annuitant's
 14 death, or approval of the domestic retirement order, as applicable. The benefit changes under
 15 this subsection shall be available only to members whose last contribution was made after June
 16 30, 1992.

17 (3) Option 1 or 2 may not be chosen if initial monthly payments ~~of less than twenty~~
 18 ~~dollars (\$20.00) per month would result~~ would be less than that amount set forth in, or pursuant
 19 to, section 59-1343, Idaho Code.

20 (4) Application for any optional retirement allowance shall be in writing, duly executed
 21 and filed with the board. Such application shall contain all information required by the board,
 22 including such proofs of age as are deemed necessary by the board.

23 (5) A retirement option elected at the time of retirement as provided for in this section
 24 may not be changed except by written notice to the retirement board no later than five (5)
 25 business days after the receipt of the first retirement allowance.

26 (6) Not later than one (1) year after the marriage of a retired member, the member may
 27 elect option 1, 2 or 4 to become effective ~~one~~ ninety (+90) year days after the date of such
 28 election, provided the member's spouse is named as a contingent annuitant, and either:

29 (a) The member was not married at the time of the member's retirement; or

30 (b) The member earlier elected option 1, 2, 4A or 4B, having named the member's
 31 spouse as contingent annuitant, and said spouse has died or has waived all survivor
 32 benefits as provided in subsection (2) of this section. ~~The retirement allowance to be~~
 33 ~~converted in such a case is that currently being paid.~~

34 Should a member make an election under this subsection (6), upon notification to the board,
 35 the member's benefit on the first day of the month following the effective date of the election
 36 will thereafter become the optional retirement allowance elected, calculated as of the date of
 37 retirement pursuant to subsection (1) of this section, in addition to any postretirement allowance
 38 adjustments that may have accrued from that time.

39 SECTION 2. That Section 59-1352, Idaho Code, be, and the same is hereby amended to
 40 read as follows:

41 59-1352. ELIGIBILITY FOR DISABILITY RETIREMENT. (1) An active member
 42 with five (5) years of membership service is eligible for disability retirement. ~~if the member~~
 43 ~~becomes disabled after at least five (5) years of membership service.~~

44 (2) A police officer member, general member, or a paid firefighter hired on or after July
 45 1, 1993, who is not eligible for service retirement is eligible for disability retirement if ~~the~~

1 ~~member becomes~~ disabled, as provided in section 59-1302(12), Idaho Code, on or after the first
2 day of employment as a result of bodily injury or disease from an occupational cause.

3 (3) Only active members, and inactive members whose date of last contribution as an
4 active member was less than one (1) year prior to the date of application, are eligible to apply
5 for disability retirement.

6 SECTION 3. That Section 59-1355, Idaho Code, be, and the same is hereby amended to
7 read as follows:

8 59-1355. ~~POST~~ ~~RETIREMENT~~ POSTRETIREMENT ALLOWANCE
9 ADJUSTMENTS. (1) Each retirement allowance payment shall, subject to the provisions
10 of this section, equal the inflation factor for the adjustment year of payment multiplied by
11 the amount of the retirement allowance payment for March of the previous year. During any
12 adjustment year for which the ratio of the consumer price index for the index month of the
13 previous year to the consumer price index for the index month of the second previous year
14 is not more than one hundred one ~~per cent~~ percent (101%), the inflation factor shall be such
15 ratio or ninety-four ~~per cent~~ percent (94%), whichever is greater, which inflation factor shall
16 not be subject to legislative approval. Otherwise the inflation factor during such adjustment
17 year shall be one hundred one ~~per cent~~ percent (101%), except that the board, with legislative
18 approval, may put into effect a greater factor which is no more than such ratio or one hundred
19 six ~~per cent~~ percent (106%), whichever is smaller, if it finds the value of the actuarial assets of
20 the system to be no less than its actuarial liabilities, including those created by the increased
21 factor. The actuarial assets comprise the sum of the actuarial present value of the amortization
22 payments determined in accordance with the requirements of section 59-1322(5), Idaho Code,
23 plus the amounts determined in paragraphs (e)(ii), (e)(iii), (e)(iv), (e)(v) and (g) of section
24 59-1322(4), Idaho Code. The actuarial liabilities are as defined in paragraph (e)(i) of section
25 59-1322(4), Idaho Code. The board's proposed inflation factor for any adjustment year shall be
26 communicated by letter to the legislature by not later than January 15 prior to that year.

27 (2) During an adjustment year following one in which there was at least one (1)
28 retirement allowance payment but none in March, each retirement allowance payment shall
29 equal the partial factor multiplied by the amount of the monthly retirement allowance payment
30 in the earlier year. The partial factor shall equal 1.000 plus one-twelfth (1/12) of the product of
31 the number of months in the earlier adjustment year in which member contributions were not
32 made and the excess, if any, of the inflation factor for the later year over 1.000.

33 (3) During an adjustment year following one in which there was no retirement allowance
34 payment, each retirement allowance payment shall equal the initial retirement allowance
35 multiplied by the bridging factor between the first day of the month following the member's
36 final contribution and the date of the first retirement allowance payment.

37 (a) Except as provided in paragraph (b) of this subsection, the bridging factor between
38 any two (2) dates shall be the ratio of the amounts of retirement allowance payable on the
39 two (2) dates for any member who retired on the earlier date immediately following his
40 final contribution.

41 (b) For any member not making a final contribution subsequent to 1974 whose initial
42 retirement allowance is a minimum allowance provided in section 59-1342(1)(b) or
43 59-1342(2)(b), Idaho Code, the bridging factor shall be computed as if the member had
44 made his final contribution in 1974.

1 (4) The consumer price index shall be that for all urban consumers published by the
2 bureau of labor statistics, United States department of labor.

3 (5) The adjustments provided under this section shall in no event reduce a benefit
4 payment below its initial amount.

5 (6) An adjustment year shall extend from March through the following February. The
6 index month is October for adjustment years commencing before March, 1990, and is August
7 for subsequent adjustment years.

8 (7) If, by the forty-fifth day of any regular legislative session, the legislature has not
9 adopted a concurrent resolution rejecting or amending the proposed adjustments of the board
10 allowed in subsections (1) and (8) of this section, such action on the part of the legislature shall
11 constitute legislative approval of the board's adjustments.

12 (8) Notwithstanding other provisions of this section, the board may grant a postretirement
13 allowance adjustment for any previous year or years up to the full amount of the increase in the
14 consumer price index for that year or those years, as provided in subsection (7) ~~above~~ of this
15 section.